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ENVIRONMENTAL MANAGEMENT, INC.

November 8, 2002

Project B30-01F

Mr. Don Pettit

Oregon Department of Environmental Quality

2020 SW 4th Avenue, Suite 400

Portland, Oregon 97201

**RE: 3rd Quarter (July – September 2002) Progress Report
Kinder Morgan Linnton Terminal Remedial Investigation
Portland, Oregon
DEQ File No. WPMVC WMCVC-NWR-00-17**



Dear Mr. Pettit:

On behalf of Kinder Morgan Liquid Terminals, LLC (Kinder Morgan), KHM Environmental Management, Inc. (KHM) has prepared this letter to describe the progress made during the 3rd quarter of 2002 for the remedial investigation at the above-referenced site. This progress report contains a discussion of activities completed during the 3rd quarter of 2002 and a discussion of activities planned for the 4th quarter of 2002.

PROGRESS DURING REPORTING PERIOD

During July 2002, all of the monitoring wells onsite were gauged and sampled as part of the quarterly monitoring and sampling program initiated in 2002. In addition, monthly separate-phase hydrocarbon (SPH) recovery continued. During the reporting period a total of approximately 2.5 gallons of SPH was recovered from 5 wells at the site. To date, the total number of gallons of SPH recovered by KHM is approximately 30 gallons.

During July through September 2002, the area where sheen had been observed on the Willamette River and the absorbent booms around the area were monitored on a daily basis by Kinder Morgan personnel and approximately two-three times a week by KHM personnel. During the reporting period, no sheen was observed on the Willamette River by Kinder Morgan and KHM personnel. The sheen appears to correspond with high river levels. The river levels have decreased to below the elevation of the apparent seep and the sheen was not observed during the late summer months. When necessary, the booms were changed out by Terra Hydr as directed by KHM and Kinder Morgan.

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KHM continued the preparation of the Remedial Investigation Report and URS Corporation continued the preparation of the risk assessment during the 3rd quarter of 2002. The Remedial Investigation Report was submitted to the Oregon Department of Environmental Quality (DEQ) on October 21, 2002.

During September 2002, KHM submitted an IRAM Proposal to DEQ. This document presents the process for selecting a preferred IRAM alternative. DEQ approved the IRAM Proposal during September 2002.

PLANNED ACTIVITIES FOR THE 4TH QUARTER OF 2002

KHM is planning to complete the following activities during October, November and December 2002:

- Monthly recovery of SPH;
- Monitoring seep area adjacent to the Willamette River;
- Maintenance of the absorbent booms in the vicinity of the seep area;
- Finalize the 3rd quarter progress monitoring report;
- Finalize the 3rd quarter groundwater monitoring report;
- Conduct the 4th quarter groundwater monitoring and sampling event
- Submit a draft of the Remedial Investigation Report to DEQ (submitted on October 21, 2002); and
- Implement the DEQ-approved IRAM Proposal (wells installed during week of October 21, 2002).

PROBLEMS ENCOUNTERED/ ACTIONS TAKEN

No problems were encountered during this quarter.

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Please call the undersigned at (503) 639-8098 if you have any questions regarding the contents of this letter.

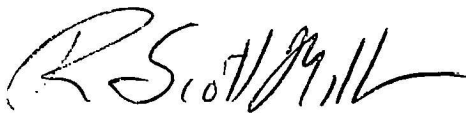
Sincerely,

KHM Environmental Management, Inc.



Kelly A. Kline, R.G.

Senior Geologist



R. Scott Miller, P.E.

Principal Engineer

cc: Mr. Eric Conard, Kinder Morgan Energy Partners, LLP, Orange, California
Mr. Steve Osborn, Kinder Morgan Energy Partners, LLP, Fairfield, California
Mr. Pete Murphy, Kinder Morgan Energy Partners, LLP, Portland Oregon
Ms. Jeni Crawley, Kinder Morgan Energy Partners, LLP, Orange, California (file
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